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SUBJECT: RESPONSE: CHINA'S ENGAGEMENT IN SUDAN

REF: SECSTATE 41697

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Summary  
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¶1. (SBU) China's engagement in Sudan centers on the pursuit of its economic interests, particularly oil, and these interests underpin its relationship with the ruling National Congress Party (NCP). China's engagement on the political issues related to the conflict in Darfur or tensions between Northern and Southern Sudan has been limited, however, despite the risk these issues pose to the country's stability in the long term--and therefore to China's economic involvement. Yet opportunities for useful Chinese engagement abound. On Darfur, China can couple its support for and contributions to UNAMID with bilateral political dialogue with Khartoum in order to: 1) Facilitate UNAMID deployment, 2) Eliminate bureaucratic obstacles to humanitarian operations, and 3) Gain acknowledgment of Darfuri's legitimate grievances. On Southern Sudan, China can launch infrastructure development projects that provide a "peace dividend" for the Comprehensive Peace Agreement (CPA) and the Government of South Sudan (GOSS). Lastly, China's mission in Sudan can be a more active participant in Khartoum-level discussions on improving security and humanitarian access in Darfur and overcoming the major obstacles to the CPA, particularly resolution of the Abyei issue and preparations for the elections in 2009. End summary.

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Oil, oil, oil  
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¶2. (SBU) Chinese engagement in Sudan centers on the pursuit of its economic interests, particularly oil. China is primarily responsible for the development of Sudan's petroleum industry and the main beneficiary of it. The Chinese National Petroleum Corporation (CNPC) has been present in Sudan since 1996 and currently has the largest share in Sudan's most productive blocks (namely blocks 1/2/4 producing the high quality Nile blend and blocks 3/7 producing the lower quality Dar blend). Due to rising production in blocks 3 and 7 in 2007, crude oil exports from Sudan to China doubled last year to approximately 200,000 barrels a day, with many estimates ranking Sudan as China's sixth-largest oil supplier. These ties underpin China's relationship with the ruling National Congress Party of President Al-Bashir.

¶3. (SBU) The CNPC's contracts with the GNU now disproportionately benefit China. However, oil experts, including the Norwegian Petroleum Envoy to Sudan, assert that even if the contracts were renegotiated, China will be more focused on energy security and access to oil than to its price. Other experts emphasize that Chinese companies appear

anxious to extract oil as quickly and cheaply as possible,  
which proves detrimental to the longevity of the wells and  
the environment. Allega4R2;Q----- --  
Tentative China-Southern Sudan Relations  
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¶4. (SBU) Chinese economic engagement in Southern Sudan, however, has been significantly more limited. Tentative steps to strengthen China's relationship with the Government of Southern Sudan (GoSS) have yielded few concrete results. In the first high-level contact, GoSS President Salva Kiir visited Beijing in the summer of 2007 and met with the senior Chinese leadership. While the Chinese have pledged to open a consulate in Juba, construction has not yet begun, and the only visible diplomatic engagement with the GoSS occurred when the Chinese Ambassador visited Juba in late 2007 with a large Chinese delegation.

¶5. (SBU) The Ministry of Regional Cooperation (the de facto GoSS Foreign Ministry) attributes the lack of progress on the China-GoSS relationship both to lingering Southern resentment toward China because of its backing for the North and the Ministry's own lack of capacity to focus on developing the relationship. Though a Chinese technical assessment team traveled through the South to survey power needs and China has expressed an interest in infrastructure projects, no significant investment projects in Southern Sudan are

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underway.

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Peacekeeping  
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¶6. (SBU) To burnish its international image, China has contributed military forces to the two peacekeeping missions operating in the country: the UN Mission in Sudan (UNMIS) which monitors the Comprehensive Peace Agreement (CPA) that ended the North/South civil war and the UN-African Union Mission in Darfur (UNAMID). While Chinese units in UNAMID are handicapped by delays in equipment deliveries, the UNMIS Force Commander has often reported that Chinese units in his force are among the most disciplined and effective of any contingent. Additional Chinese troop contributions to UNAMID should be encouraged.

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Little Political Engagement  
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¶7. (SBU) China's engagement on political issues related to the conflict in Darfur or the tensions between Northern and Southern Sudan has been limited. Focusing its ire on Darfur's rebel groups, China has not demonstrated a willingness to press Khartoum to take initial steps that would build confidence in a peace process. Similarly, Beijing has used little or no leverage to overcome the obstacles to implementation of the CPA, the single most determinative factor on Sudan's future stability. While the Chinese Ambassador and US CDA speak frequently and compare notes on political issues, common cause with the U.S. Mission in Sudan on these pressing issues is more or less non-existent.

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A New U.S.-China Dialogue on Sudan  
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¶8. (SBU) A U.S. dialogue with China on its engagement in Sudan should focus on confronting the gravest challenges to the country's future. In addition to providing measurable progress on U.S. priorities in Sudan, a combination of Chinese actions on Darfur, in Southern Sudan, and within the diplomatic community will contribute to managing and resolving Sudan's numerous internal conflicts and thus securing China's economic interests in the country over the

long-term.

¶9. (SBU) On Darfur, China can couple its support for and contributions to UNAMID with bilateral political dialogue with the NCP in order to: 1) Facilitate UNAMID deployment, 2) Eliminate bureaucratic obstacles to humanitarian operations (as embodied in the March 2007 Joint Communiqué between Sudan and the UN), and 3) Acknowledge the legitimate grievances of Darfurians with regard to political marginalization and resource sharing, which inspired the rebellion in 2003 and sustain support among the population for intransigent rebel leaders. If China were willing to participate in P-5 joint demarches to the GOS, this would make a significant impression on the Khartoum regime is/when it raises obstacles.

¶10. (SBU) On Southern Sudan, China can demonstrate a more balanced approach by launching infrastructure development projects in critical areas such as roads and social services, in both the South and the Three Areas. Such programs will increase the CPA's "peace dividend" and contribute to the broader USG goal of making unity attractive to Southern Sudanese--which can proceed irrespective of the GoSS' lack of capacity for diplomatic engagement.

¶11. (SBU) Finally, China's mission in Sudan can be a more active participant in Khartoum-level discussions on improving security and humanitarian access in Darfur and advancing the critical components of the CPA, particularly resolution of the Abyei issue and preparations for the elections in 2009 instead of just parroting the NCP's standard party line. While discussions do not in and of themselves guarantee progress, such participation would signify to the NCP more constructive Chinese oversight of its policies as well as affect greater Western and Chinese cooperation in addressing these challenges. Indeed, Chinese officials were visible during the negotiations--and the signing--of the Joint Humanitarian Communiqué in 2007, which contributed to its initial success.

FERNANDEZ